Doug Gibbs February 01, 2011 471-0051 **LB 384**

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	(\$64,147)		(\$120,954)	
CASH FUNDS				
FEDERAL FUNDS			0	
OTHER FUNDS				
TOTAL FUNDS	(\$64,147)		(\$120,954)	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 384 amends several sections of Nebraska Revised Statutes dealing with the Tax Equalization and Review Commission (TERC).

Section 77-5003 is amended to change the membership of the Commission from the current four members to three members by eliminating the at-large member of the Commission.

Section 77-5003 is also amended to remove language requiring that the chair and vice-chair positions be rotated among those members of the Commission who are attorneys; and also strikes language permitting the Governor to remove a commissioner for misfeasance, malfeasance, or willful neglect of duty or other cause.

Section 77-5004 is amended to change a requirement regarding commissioners to require that only one commissioner shall have been engaged in the practice of law for at least five years.

LB 384 amends Section 77-5005 to allow single commissioner hearings and Section 5 of the bill provides the criteria for single commissioner hearings. These criteria include: that the taxable value of the parcel is \$1 million or less; the single commissioner hearing is at the request of a party to the appeal; the proceeding is informal; no recording of the proceeding shall be made; a request for rehearing before the Commission may be made; and an order entered by a single commissioner pursuant to this section may not be appealed to the Court of Appeals.

The bill has an operative date of October 1, 2011.

The Tax Equalization and Review Commission indicates the following fiscal impact:

The current at-large member of the Commission has a base salary of \$105,040. FICA and retirement total \$15,914, for a grand total of \$120,954. The period October 1 to June 30 is 75% of a fiscal year, so the potential reduction in expenditures is \$90,715.

The reduction would be offset by the payout of accrued vacation and sick leave. Assuming no usage of vacation or sick leave between the date of this fiscal note and the operative date of the bill, this would be a payment of \$26,678. This would leave a net reduction in expenditures of \$64,147 for FY2011-12. The reduction for FY2012-13 would be \$120,954.

The Commission indicates no additional cost for single commissioner hearings.

There is no basis to disagree with the Commission's estimate of fiscal impact.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE 2/2/11	PHONE 471-2526
COMMENTO			

COMMENTS

TAX EQUALIZATION AND REVIEW COMM. - Based on the assumptions offered, the agency analysis appears reasonable.

JAN 25 2011

FISCAL NOTE LB384 Tax Equalization and Review Comm

	Wickersham, William		
Date Prepared	1/25/2011		
Prepared Phone	402-471-8915		

Estimate Provided By State Agency or Political Subdivision

	FY 2011-2012		FY 2012-2013	
	Expenditures	Revenue	Expenditures	Revenue
General Funds	(\$64,147)		(\$120,954)	
Cash Funds				
Federal Funds				
Other Funds				
Total Funds	(\$64,147)		(\$120,954)	

Explanation of Estimate:

The bill removes the position of at large commissioner effective 10-1-11. The incumbent in that position has a base salary of \$105,040. FICA/MCare benefits are \$8,036 (.0756) and State Retirement benefits are \$7,878 (.075. Salary and those benefits for one year total \$120,954. The period July 1 to Oct 1 is .25 of a fiscal year. Savings would accrue for the remaining .75 of a year. $.75 \times $105,040 = $90,715$. partial year benefit would be offset in part by the payout of accrued vacation and 25% of accrued sick leave. Assuming no usage of vacation or sick leave those balances would be 256.15 vacation hours and 810.73 sick leave hours. The benefit payable would be for 256.15 vacation hours and 202.68 sick leave hours a total of 458.83 hours. At an hourly rate of 50.307 the payment is \$23,082.36. That payment is subject to FICA/MCare at rate of .0756 and State Retirement at rate of .075. The FICA/Mare cost is \$1,745.03 and the State Retirement cost is \$1,731.18. The total cost of the benefit payout is \$26,678.57. the net savings in the first year are \$90,715 - \$26,567.57 = \$64,147.43.

A full year's savings would be \$120,954.

The calculations are made without regard to salary increases that might accrue to other state employees within the time frames considered.

Major Objects of Expenditure

	Number	of Positions	FY 2011-2012	FY 2012-2013
Position Title	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures
· · · · · · · · · · · · · · · · · · ·	-			
		Benefits		
		Operating		
		Travel		
		Capital outlay		
		Aid		
		Capital improvements		
		Total		